



Steven L. Beshear
Governor

Leonard K. Peters, Secretary
Energy and Environment
Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

Linda K. Breathitt
Commissioner

NEWS RELEASE

Contact:
Andrew Melnykovich
502-782-2564 or 502-564-3940
502-330-5981 (cell)
Andrew.Melnykovich@ky.gov

PSC Grants Rate Increase to Atmos Energy *Natural gas utility receives less than two-thirds of requested amount*

FRANKFORT, Ky. (April 22, 2014) – The Kentucky Public Service Commission (PSC) has granted Atmos Energy Corp. an annual revenue increase of \$8.55 million (5.5 percent), which is \$4.817 million less than the amount sought by the utility.

For a typical residential customer using an average of 5,000 cubic feet per month, the base rate portion of the bill will increase by \$1.99 per month, or \$23.88 per year. The monthly customer charge will increase to \$16.

The current monthly customer charge is \$12.50, plus a \$2.61 monthly surcharge that pays for speedier replacement of aging gas mains. The surcharge resets to zero with this rate adjustment. The gas delivery charge will rise from the current \$1.10 per 1,000 cubic feet to \$1.32 per 1,000 cubic feet.

In an order issued today, the PSC stated that the adjusted rates will be “fair, just and reasonable.”

Today’s order applies only to Atmos Energy’s base rate, which covers the utility’s cost of operating and maintaining its system, as well as any profit margin. The commodity cost of the gas itself, which is adjusted quarterly to reflect market prices, is determined separately and is passed through to consumers on a dollar-for-dollar basis by Atmos Energy, with no additional profit for the utility.

Atmos Energy originally sought to increase its annual revenue from gas operations by \$13.367 million (8.6 percent). The company proposed to increase the monthly customer charge to \$16 from the current \$15.11 - the \$12.50 customer charge plus the \$2.61 surcharge.

Atmos Energy proposed to increase the gas delivery charge to \$1.63 per 1,000 cubic feet. The increase sought by Atmos Energy would have increased the typical residential bill by \$3.54 per month, or \$42.48 per year.

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Atmos Energy serves about 173,000 customers in 38 counties in western and central Kentucky.

As permitted by Kentucky law, Atmos Energy put its proposed rates into effect Jan. 24. As a result of today's PSC decision to set lower rates, the company will have to refund the amount it has over-collected since that date, plus interest, to its customers.

The principal adjustment made by the PSC to the rates requested by Atmos Energy was a reduction in the company's proposed return on equity, which represents the opportunity to earn a profit. The reduced rate of return will still permit the company to borrow money at reasonable rates, maintain service levels and financial integrity and invest for the future, all at "the lowest possible cost to ratepayers," the PSC said.

The PSC denied a request by Atmos Energy to charge \$10 for placing door tags warning customers who are facing disconnection due to unpaid bills. Atmos Energy did not provide evidence that such warnings would be effective in reducing disconnections or supply data justifying the cost, the PSC said.

A hearing in the case was held Jan. 23. Other parties to the case included the Kentucky Office of Attorney General and Stand Energy Corp., a natural gas marketer.

Today's order, Atmos Energy's application and other documents in the case are available on the PSC website, psc.ky.gov. The case number is 2013-00148.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 85 employees.